

Newspaper: Newport Daily News

Date: May 4, 2007

Page: _____

State treasurer questions loan group's ties to lender

WARWICK (AP) — General Treasurer Frank Caprio said there could be a conflict of interest in the Rhode Island Student Loan Authority's relationship with a private for-profit loan company, and called on the authority to end the arrangement.

Students and parents seeking college loans through the authority's free College Planning Center during the past three years have actually been talking to employees of Lincoln, Neb.-based Nelnet, one of the nation's largest private, for-profit lenders. The authority has been paying Nelnet \$300,000 a year to run the center.

"RISLA needs to move quickly to reassure the public that the center is a resource for reliable information and is managed by public officials who are accountable to the people of Rhode Island, not an out-of-state loan provider," Caprio said in a state-

ment released Thursday.

Charles Kelly, who runs the planning center for Nelnet, said the company does not unfairly promote its loans to callers. Nevertheless, Anthony J. Santoro, the authority's board chairman, said he would recommend an end to the arrangement at the next board meeting on May 18 as an effort to "put up a wall so there is no confusion."

Officials with the loan authority said they have been considering such a move for about nine months because they hope to expand the services the center offers.

New York Attorney General Andrew Cuomo is investigating several student loan companies, including Nelnet, for allegedly giving kickbacks and other benefits to colleges. Nelnet serves students in 50 states and has \$23.8 billion in net student loan assets, according to the company's Web site.